

KALAMA SCHOOL DISTRICT No. 402
Cowlitz County, Washington
September 1, 1992 Through August 31, 1994

Schedule Of Findings

1. The District Should Improve Cash Controls For Associated Student Body (ASB) Activities

Our review of ASB activities at Kalama School District's schools revealed accounting and internal control weaknesses in procedures for ASB athletic event ticket sales, and other fund raising activities.

The district did not prepare detailed guidelines which prescribed required record keeping documents and procedures to be followed for ASB Fund activities. Proper cash handling procedures require duties be segregated so no one individual has both physical control over cash received and the evidence of accountability used to determine how much cash should have been collected.

Athletic Events) Primary system weaknesses resulted from the ASB ticket seller performing incompatible duties, and lack of supervisory review. Duties of the ticket seller included issuing tickets to spectators, collecting tickets allowing entrance to the event, preparing ticket reconciliations after the event, and counting cash for deposit. In addition, there was no evidence that ticket reconciliations were reviewed for accuracy or reasonableness by a supervisor. Our review of ticket reconciliation forms on file for the 1994 and 1995 school years revealed large blocks of tickets which were not accounted for. During the 1994 school year, 826 tickets were not accounted for, and 902 were missing in 1995. We found the number of ticket rolls on hand were excessive, and further noted that none of the ticket rolls were imprinted with the school's name. None of the schools used ticket control logs to account for all tickets purchased, used, and on hand. Because of the system weaknesses noted above, we were unable to determine if all money from ticket sales was deposited into the ASB Fund.

ASB Fund Raising Events) Reconciliation reports from fund raising events for both the high school and the elementary school were not available for audit. Additionally, receipts kept by school secretaries did not always identify the source of money collected. As a result of these weaknesses, we could not verify the completeness of the fund raising revenues reported, nor whether all revenues collected were properly deposited.

To correct the weaknesses cited above, we recommend district management strengthen ASB controls, to include:

- a. Ensuring that complete district guidelines for controls at ASB events are prepared, disseminated to staff, and that those procedures are enforced.
- b. Assigning an individual, who does not have access to cash collections or deposits, to issue unused ticket stock to sellers, and maintain control logs to account for all tickets acquired by the district.

- c. Ensuring that duties of ticket sellers are separated from the duties of ticket takers.
- d. Ensuring that ticket takers at ASB events tear tickets in half, retain half, and return half to the purchaser.
- e. Reducing the number of active ticket rolls to a manageable number at each school, and ensuring that the tickets are properly preprinted with the school's name.
- f. Ensuring that a reconciliation report form is filled out completely for each fund raising event, properly identifying the revenue source. For athletic events, and other fund raising events utilizing tickets for control, the color and series of tickets used should be indicated, and receipts should be reconciled to tickets sold; preferably by two persons. Reconciliation report forms should be retained for audit.
- g. Assigning a supervisor to regularly monitor all ASB record keeping to ensure that control procedures are followed and to follow up on problems in a timely manner.

2. The District Should Improve Its Payroll And Employee Contract Administration Systems

Our tests of the district's compliance with state laws regarding employee contract administration and payroll practices disclosed two problems in these systems:

- a. Payroll System) Two part-time employees, a science teacher and the athletic director, were paid \$18,152 and \$23,316 respectively, before their pay rates were approved by the district's board of directors. We found approval of these individuals' salaries in the board minutes of June 20, 1994. However, this was after the work was performed during the period September 13, 1994 to June 16, 1994. Therefore, these employees were paid without board authorization of their salary rate.

RCW 28A.400.300 states:

Every board of directors, unless otherwise specially provided by law, shall:

(1) Employ for not more than one year, and for sufficient cause discharge all certificated and noncertificated employees
(Emphasis ours.)

RCW 28A.400.315 also states:

Employment contracts entered into between an employer and a superintendent, or administrator . . . (2) Shall not be revised or entered into retroactively. (Emphasis ours.)

- b. Contract Administration System) The science teacher referred to above held a certificated teaching position. Because she did not have a contract in effect until after the work had been completed, the district also violated RCW 28A.405.210 which states:

No teacher, principal, supervisor, superintendent, or other certificated employee, holding a position as such with a school district . . . shall be employed except by written order of a majority of the directors of the district at a regular or special meeting thereof (Emphasis ours.)

As a result of the district not promptly entering into a contract with this individual, she was not reported in the staff mix report listing the district's certificated staff, which was sent to the Washington State Superintendent of Public Instruction (SPI). Because this report is used as a basis for state apportionment, the district did not receive its full share of state apportionment.

We recommend the district improve its payroll and contract administration systems by enacting the following controls:

- a. Ensure that all employees in positions requiring a teaching certificate, are employed by a written contract which is agreed upon before the work is performed.
- b. Ensure that pay rates for both certificated and classified employees are approved by the board, and established in writing, before the services are performed.

Additionally, we recommend the district contact SPI in an effort to recover the

apportionment lost as a result of not reporting the part-time teacher on their 1994 Staff Mix Report.